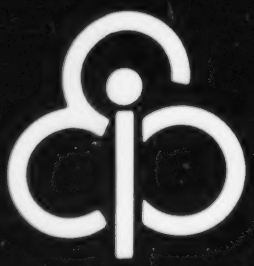

THE MANITOBA PUBLIC INSURANCE CORPORATION

1989 ANNUAL REPORT

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Who We Are

We are the provincial Crown corporation which has been serving Manitobans since 1971. We are 1,100 people working for MPIC in centres throughout the province. We are 370 independent brokers who offer Autopac and general insurance products to Manitobans. We operate two divisions: the Automobile Insurance Division and the General Insurance Division.

In the Automobile Insurance Division, which is commonly known as Autopac, our mission is to provide all Manitoba motorists with low-cost, high-quality automobile insurance on a stable, efficient and equitable basis, consistent with long-term financial self-sufficiency.

In the General Insurance Division, we provide property and casualty insurance services through a network of brokers across the province. We compete for business with private insurance companies and offer high-quality packages of insurance coverage developed to serve the needs of the Manitoba market.

Letters of Transmittal

Winnipeg, Manitoba
28 February 1990

Honourable Glen Cummings
Minister Responsible for
The Manitoba Public Insurance Corporation

Dear Sir,

In accordance with Section 43(1) of The Manitoba Public Insurance Corporation Act, I have the honour to present the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1989.

Respectfully submitted,

Harold Thompson
Chairman of the Board

Winnipeg, Manitoba
1 March 1990

To His Honour
The Honourable George Johnson
Lieutenant-Governor of the Province of Manitoba

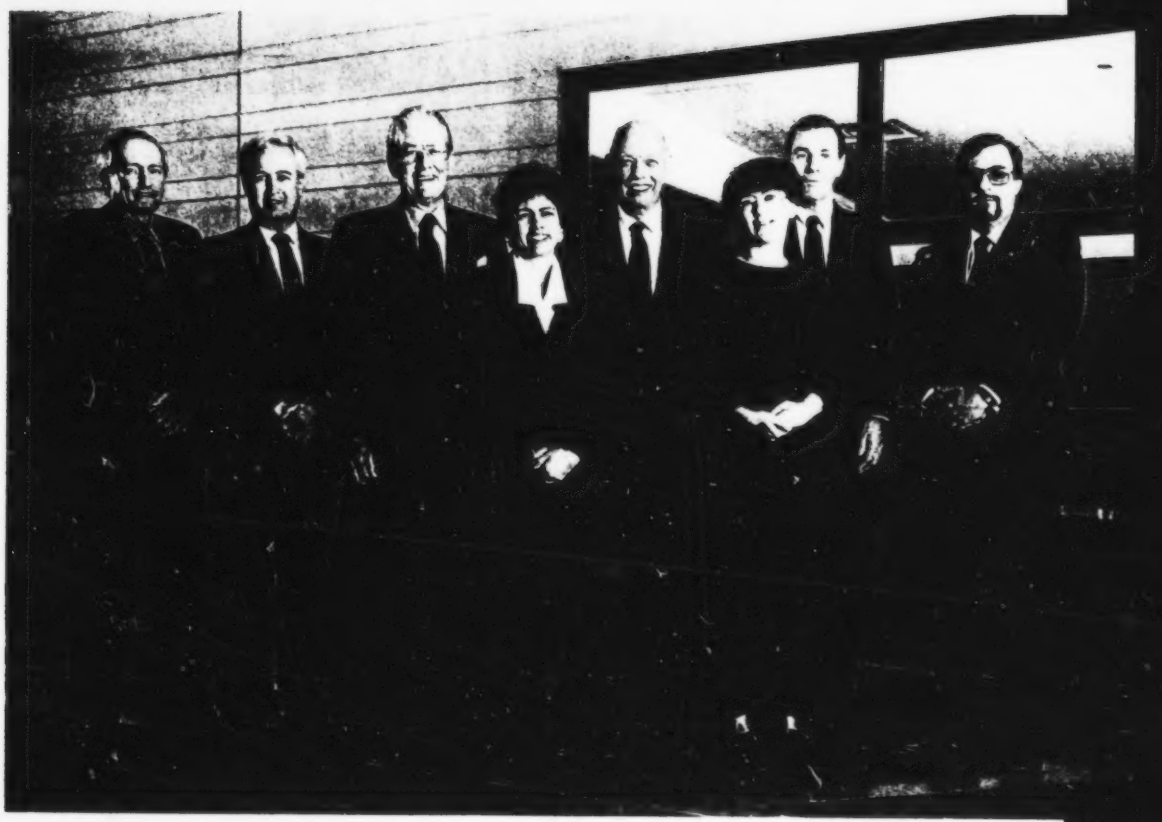
May It Please Your Honour:

I have the honour to submit the Annual Report of The Manitoba Public Insurance Corporation for the year ended October 31, 1989.

Respectfully submitted,

Honourable Glen Cummings
Minister

Board of Directors



(L — R): Don Penny, Harold Gilleshammer, Jack MacIver, Ruth Konzelman, Harold Thompson (Chairman), Joanne Thibault, Walter Bardua (President and General Manager), Larry Lepischak.

Board Committees

Executive Committee

Harold Thompson *(Chairman)*
Jack MacIver
Joanne Thibault
Walter Bardua *(Ex-officio Member)*

Audit Committee

Don Penny *(Chairman)*
Harold Thompson
Harold Gilleshammer
Ruth Konzelman
Walter Bardua *(Ex-officio Member)*

Planning / Budget Committee

Don Penny *(Chairman)*
Harold Thompson
Harold Gilleshammer
Larry Lepischak
Walter Bardua *(Ex-officio Member)*

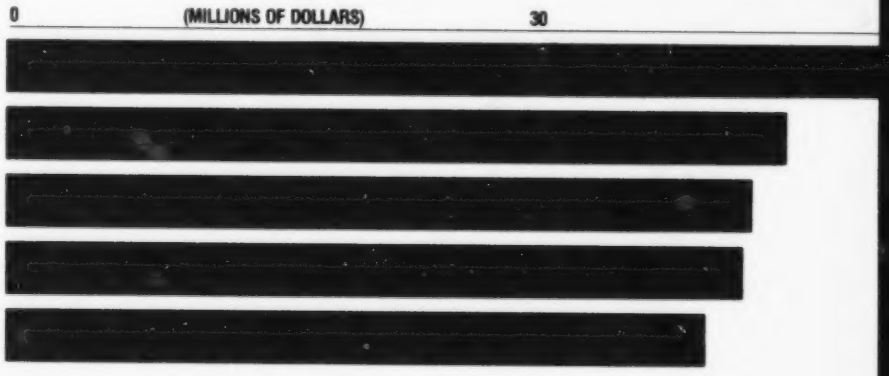
Corporate Officers

Seated (L — R): Jack Zacharias, Vice-President, Claims
Walter Bardua, President and General Manager
Bob Lynch, Vice-President, Human and Information Resources
Terry Petrishen, Assistant to the President; Special Projects
Standing (L — R): David Kidd, Vice-President, Insurance Operations and Assistant General Manager
Grahame Newton, Vice-President, Corporate and Community Relations
Shanti Kapoor, Q.C., General Counsel and Corporate Secretary
Henry Dribnenky, Vice-President, General Insurance
Barry Galenzoski, Vice-President, Finance and Administration

Operational Highlights

FIVE YEAR COMPARISON OF FINANCIAL STATISTICS		1989	1988	1987	1986	1985
AUTOMOBILE INSURANCE DIVISION	Premiums Written ($000)	292,108	297,374	246,354	220,337	204,127
	Claims Incurred ($000)	246,264	230,163	278,637	219,172	182,205
	Number of Claims	171,410	229,227	248,837	245,936	223,634
	Average Cost per Claim ($)	1,437	1,004	1,120	891	815
	Claims Expenses ($000)	33,458	31,045	27,708	25,292	21,733
	Other Expenses ($000)	42,450	37,561	29,475	26,010	22,794
	Income (Loss) ($000)	20,493	20,049	(61,576)	(18,773)	9,325
	Vehicles Registered (at beginning of insurance year)	717,761	758,584	727,426	704,326	682,575
*GENERAL INSURANCE DIVISION **	Premiums Written ($000)	36,485	33,966	37,969	37,050	26,868
	Claims Incurred ($000)	16,366	15,554	33,621	24,619	16,714
	Claims Expenses ($000)	1,627	2,096	2,061	1,743	1,410
	Other Expenses ($000)	13,730	14,609	16,106	14,209	10,607
	Income (Loss) ($000)	9,594	4,851	(11,236)	(2,651)	(2,476)
**Excludes reinsurance assumed business*						
TOTAL CORPORATION	Investments at Year-End ($000)	530,448	430,407	369,849	355,168	329,927
	Total Assets ($000)	626,371	549,940	418,661	405,912	378,720
	Number of Employees at Year-End	1,109	1,057	1,107	1,036	933

INVESTMENT INCOME



OPERATIONAL HIGHLIGHTS

- Autopac Merit Program eligibility criteria were made more equitable in 1989, allowing more motorists with good driving records to take advantage of lower premiums.
- In addition to the Corporation's own traffic safety programs, more than $122,000 in grants were made to assist organizations in their own safety efforts.
- A series of new plain-language, informational brochures about the Autopac program was developed and distributed through all agents' offices as part of an improved public information program.
- Autopac basic premium increases were below the rate of inflation for both 1989 and 1990, reflecting improved claims experience and the Corporation's efforts to encourage safe driving.

Chairman's Report

The past year has been a challenging but rewarding one for MPIC and its employees.

Among the many developments affecting the operations of the Corporation, perhaps the most important was the introduction of a new rate review process. Legislation was proclaimed requiring MPIC to submit proposed basic compulsory Autopac rates to the Public Utilities Board (PUB) for approval.

Within a period of 11 months, the Corporation has appeared before the PUB three times. The Board granted interim approval for 1989 basic Autopac rates following a public hearing in December, 1988. These rates were confirmed in a final order after a further hearing in May. The third hearing took place in November, when the PUB reviewed and subsequently approved 1990 basic Autopac rates.

The PUB review process encourages interested Manitobans to examine, and comment on, MPIC's rate applications. As well, it complements other initiatives designed to improve corporate accountability, such as the holding of public review meetings under the provisions of the Crown Corporations Public Review and Accountability Act. MPIC has scheduled its public review meetings for Winnipeg, Brandon and Thompson in April, 1990.

During the past year, several important steps were also taken to improve communication with policyholders and the public in general. For example, informational material provided to motorists was extensively revised to ensure non-technical language was used throughout. Six new brochures, featuring detailed explanations of coverage for older vehicles, driver's licence premiums, coverage for motorcycles, the Autopac time payment plan, optional coverage and the merit discount program, were developed to supplement Autopac policy guides made available through brokers' offices.

Financial statements are now being released on a quarterly basis to give the Legislature and the public a "snapshot" look at MPIC's financial results during the year. In addition, news releases, bulletins and other similar documents are being more widely distributed in order to increase general awareness and understanding of the Corporation's operations.

These activities form an integral part of MPIC's commitment to become more sensitive and responsive to the concerns and needs of Manitoba motorists. This commitment is further illustrated by two major initiatives in the Corporation's strategic plan — the establishment of corporate service standards in departments dealing directly with the public and the ongoing measurement of customer satisfaction levels. When fully implemented, these programs will help the Board of Directors and management identify areas where customer service improvements need to be made.

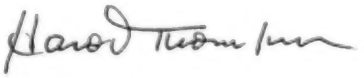
The status of the General Insurance Division received a great deal of attention during the year. Late in the year, the Government of Manitoba released a report prepared by Ernst and Young Consulting which presented several options for the future of the Division's personal and commercial lines operations.

The Honourable Glen Cummings, Minister Responsible for MPIC, has expressed the view that the consultant's report supports the Government's position that the Corporation should withdraw from the personal and commercial lines market. He has further stated that all of the options presented will be fully examined by the Government. In the meantime, brokers, customers and employees have been assured that their interests will be taken into consideration in any decision which is made.

In closing, I would like to take this opportunity to sincerely thank the employees and the independent insurance brokers who deliver MPIC's products to the public. The Corporation's commitment to customer service is most visible and meaningful to the public through their efforts.

It was with regret that the Board accepted the resignation of Marilyn McLaren in September, 1989, subsequent to her accepting a promotion to a management position within the Corporation. I would like to express the Directors' appreciation for Mrs. McLaren's dedication and enthusiasm in serving as an employee representative on the Board for the past two years.

Finally, I offer thanks to the Directors for their dedication and desire to achieve fair and thoughtful decisions at all times. The many talents and varied perspectives of individual members continue to make my experience as chairman an interesting and gratifying one.



Harold Thompson
Chairman of the Board

President's Report

In this year's annual report, the focus is on our employees — the 1,100 professionals who personify The Manitoba Public Insurance Corporation throughout the province. They represent a wide range of skills and disciplines, from adjusters in Autopac claims centres, for example, to bicycle safety instructors on elementary school playgrounds and underwriters in our administrative offices.

The dedication and talent of our work force is a major strength of the Corporation and one which we further harnessed this year with the establishment of an Employee Advisory Committee. This committee, consisting of staff from all areas of the Corporation, gives employees an opportunity to provide input to management on all aspects of our operations, particularly those which may lead to enhanced service to the public.

Our network of independent insurance brokers, who are often prominent members of their communities, are another notable element of our "people" strength and a key ingredient in our philosophy of prompt, efficient customer service.

Customer satisfaction is the primary objective of MPIC's strategic plan. We began the planning process in 1988 and are beginning to see some of our customer service objectives become inherent parts of the way we do business.

To sustain these efforts, MPIC and its employees must be good listeners. Our customers have indicated there is support for both the Corporation and its main product, Autopac. They have also confirmed something we believed all along, that Autopac premiums are seen as reasonable.

While this is gratifying, we need to remain responsive to all opinions, positive or negative. Last year, for example, the public expressed its dissatisfaction with certain Autopac merit program criteria. In response, we introduced modifications which allowed more Manitobans to take advantage of merit premiums. We also incorporated additional coverages and benefits into the basic Autopac program to ensure motorists continue to have an equitable insurance system which provides comprehensive coverage and quality service.

We have listened carefully to our brokers as well. With the co-operation and assistance of the Insurance Brokers' Association of Manitoba, regular meetings were held between MPIC management and the broker force. Joint liaison committees have been established to study and recommend action on many areas of mutual interest. Individual brokers have also provided valuable input in the development of new services, such as the Automated Rating Package, which streamlines operations for both brokers and customers.

Our policyholders expect high-quality service. How well we meet this expectation will be a measure of our success as a corporation. To fulfill this important responsibility, we intend to commit more resources to upgrading and enhancing current service levels. While this will lead to major increases in administrative expenses over the short term, these costs are expected to stabilize as we complete the initial development work needed to implement many of these improvements.

The results of the past year provide a solid foundation upon which to build.

The Automobile Insurance Division recorded net income of $20.5 million. This enabled the Corporation to hold the increase in basic 1990 Autopac rates to less than the rate of inflation.

The General Insurance Division's financial results also improved significantly. The Special Risk Extension portfolio, which consists of specialized automobile coverages, contributed $9.3 million to the Division's overall net income of $9.6 million, excluding discontinued reinsurance assumed operations. Personal and commercial lines accounted for the balance.

As in past years, investment income had a positive impact on the Corporation's financial results. By reducing the amount of revenue that must be raised through premiums, MPIC's investments produce tangible benefits for Manitoba motorists. In order to achieve the same results in 1988/89, for example, it would have been necessary to increase the average Autopac premium by $69, or 17 per cent, if these funds had not been available.

About 75 per cent of MPIC's short and long-term investment portfolio of $530.4 million consists of Manitoba municipal, hospital and school bonds and debentures, which represents a major source of development capital for the province.

Another valuable asset is the generation of Manitobans who are growing up with a solid grounding in traffic safety. From elementary school-level bicycle safety seminars to driver education courses in high schools to year-round awareness programs, MPIC's safety efforts have been well received by the public.

These programs help reduce accident costs and, ultimately, save lives and reduce injuries. Consequently, MPIC's investment in traffic safety and loss prevention will be increased in the coming year in support of our corporate mission to provide affordable insurance protection to all Manitobans.

I am proud of the inherent strengths of this Corporation, as illustrated by the positive financial and operational results of the past year. We are in an excellent position to meet the challenges of the future with innovative and responsive programs and services.

J. Walter Bardua
President and General Manager

Automobile Insurance Division

Terri Scheer, Adjuster Trainee, Monique Mason, Clerk Typist II, and Kevin Lyle, Adjuster, work in MPIC's Thompson Claims Centre. This centre serves the largest geographical area in Manitoba, with adjusters travelling as far north as Churchill on Hudson Bay.

Focus on Customers

To provide customer satisfaction has been identified as a primary goal of The Manitoba Public Insurance Corporation.

The steps taken to achieve this goal may be very apparent to the customer, or they may be less visible internal changes to corporate procedures. At all times, however, the underlying principle is to offer comprehensive insurance protection and high-quality service to Manitoba motorists at affordable rates.

This focus on our customers was a major consideration in the modifications made to the Autopac program effective March 1, 1989.

Premium rate changes were minimal. More than half of all vehicle owners saw their basic premiums decrease by two per cent or remain the same. Owners of vehicles with less favourable claims experience were assessed increases of between one per cent and 10 per cent.

Rates for optional extension coverage, which enables motorists to increase their third party liability protection or reduce their basic all-perils deductible, did not increase.

More Manitobans were able to qualify for the popular merit discount program because of changes which eliminated an eight-month registration requirement and extended the program to motorcycles, mopeds and motor homes. Greater equity was introduced by shifting the eligibility criteria from the vehicle to the registered owner's claims record and by allowing new Manitobans to qualify for the discount.

Other changes in 1989 which benefited vehicle owners included the addition of underinsured

motorist coverage to the basic Autopac program at no additional premium and an increase from $600 to $900 in the allowance for substitute transportation, which is paid to motorists whose vehicles are stolen. Passenger hazard coverage was also added to the basic motorcycle package at no extra cost.

In response to concerns expressed by a number of trucking companies, the Corporation modified mandatory coverage for large commercial vehicles to permit owners to obtain coverage which better suited their individual insurance needs.

The Autopac no-fault accident benefits package continues to be recognized as one of the most comprehensive available in North America, with coverage levels as good as, or better than, those offered by other insurers.

Several customer service improvements were introduced in the claims area during 1989. The year was highlighted by the opening of two new claims centres to provide a more efficient and comfortable atmosphere for customers and staff alike in Swan River and Thompson. These drive-in facilities replaced small offices in leased buildings. A new drive-in claims centre also opened in Steinbach in late 1989.

In all claims centres, adjusters are generally spending more time with claimants to fully explain details of the claim and potential surcharge or merit program implications. Enhanced training programs help estimators stay abreast of new developments in automobile construction and ensure their estimates are accurate and fair to both customer and repair shop.

For claimants whose vehicles are written off after accidents, the event can be a traumatic experience. Two service improvements assisted vehicle owners in this situation.

Impartial evaluations of written-off, or total loss, vehicles are now carried out by an independent firm which has been contracted by the Corporation to perform this service. This provides claimants with fair and objective assessments of their vehicles' value, based on local market prices.

A high percentage of owners whose vehicles are written off reach a prompt settlement with the Corporation. Those who are dissatisfied with the adjuster's evaluation may opt to have their claim referred to independent arbitration. When this occurred in the past, MPIC deferred payment until a final settlement was agreed upon by the arbitrators, a policy which prevented some motorists from purchasing a replacement vehicle until the claim had been concluded. Because of these concerns, a change was introduced which makes it possible for adjusters to issue an immediate payment in the amount of the Corporation's offer, with any remaining balance being paid when the arbitrators have reached their decision.

For customers whose vehicles require repairs, the introduction of the Autopac bodyshop accredita-

Frank Koremen, Premises Administrator, checks blueprints at MPIC's newest Autopac Claims Centre in Steinbach. The centre was one of three built during the year to improve service to customers in the Swan River and Thompson areas, as well as southeastern Manitoba.

AUTOMOBILE INSURANCE DIVISION

SOURCE OF REVENUE 1989

DRIVERS INSURANCE PREMIUMS

VEHICLE INSURANCE EXTENSION

INVESTMENT INCOME

VEHICLE INSURANCE BASIC

67.8%

Gordon McKay, Adjuster, and Doug Shotton, Claims Estimator, check a damaged windshield in the Thompson Claims Centre. Overall, Autopac claims costs increased during the past year.

Kelley Davis is one of many post-secondary students who, each spring, teach MPIC's Bicycle Safety Program to school children across the province. Over the years, thousands of youngsters have received their first lessons on the "rules of the road" through this program.

tion program means added peace of mind. Under this program, shops must offer a six-month warranty on repairs and meet certain equipment and experience standards to receive accredited status from MPIC.

Individuals with questions about their claim, or any aspect of their vehicle registration and insurance, continued to contact MPIC's Customer Relations Department with increasing frequency. Most of the 86,000 enquiries received during the year can be categorized as general requests for information or clarification. This was confirmed during the second half of the year, when the department began compiling more detailed statistics which separate enquiries from complaints. During this period, less than 1 per cent of all telephone calls and correspondence handled by the department fell into the category of valid complaints.

Information and statistics gathered from this department are used by the Corporation to help identify policies and procedures which may not be meeting customer service objectives. MPIC is then able to take corrective action.

A Lifetime of Safety Awareness

Manitobans recognize that money spent on traffic safety awareness programs is an investment. The Corporation's efforts to initiate safety programs and support related ventures by other, often non-profit, organizations is co-ordinated by MPIC's Traffic Safety and Loss Prevention Department.

MPIC hopes to reach every Manitoban, whether they drive or not, with safety awareness messages. In this, the Corporation embraces a wider social mandate to reduce traffic injuries and fatalities on our roads and highways.

As an insurer, MPIC also has an important obligation to promote responsible driving behaviour in an effort to control rising insurance costs. The equation is simple: fewer accidents mean fewer claims. To a large extent, drivers determine their own insurance premiums.

The Corporation encourages a lifetime of safety awareness. It begins with grants we make to service clubs which operate infant car seat rental programs and continues with activities such as a province-wide bicycle safety program. Last year, more than 26,000 elementary school-age students were taught safe riding techniques and, as part of this program, a locally-produced bicycle safety video was introduced.

New endeavours also reached out to younger students and their parents. The safety slogan, "Be Bright on Halloween Night," was emblazoned on colourful "goodie bags." Schools across Manitoba responded by ordering nearly 109,000 complimentary bags from the Corporation for use by their stu-

dents. MPIC also co-funded, with the RCMP, the purchase of a remote-controlled mini-police car, which will deliver safety messages at a friendly, "kids-eye" level. Ongoing grants were also provided to the Manitoba Association of School Trustees for the purchase of fluorescent school patrol vests.

The safety message is carried into high schools with MPIC's driver education program. More than 8,500 students throughout the province took part in the program during 1989. The Corporation also helped fund organizational conferences for Teens Against Drinking and Driving (TADD) and Safe Grad.

Other efforts by the Traffic Safety and Loss Prevention Department included the vehicle inspection program and the administration of the Off-Road Vehicles Act. Also, nearly $122,000 in grants was distributed to organizations such as the Manitoba Safety Council and the Manitoba Co-ordinating Committee on Impaired Driving Countermeasures. Together, MPIC and organizations such as these are actively working to combat the problem of drinking and driving and other vital safety concerns.

Positive Financial Results

The financial goal of the Automobile Insurance Division is to operate on a break-even basis over the long term, after allowing for adequate reserves. Surpluses acquired in years when claims costs are lower are often counterbalanced by deficits accumulated in years when driving conditions and other factors lead to an increase in claims costs.

In 1988/89, total earned revenues rose to $342.7 million from $318.8 million. This included $292.7 million from premiums earned, an increase of $13.1 million, and $50 million from investment income.

Total claims and expenses were $322.2 million, compared to $298.8 million the previous year. Claims incurred and claims expenses accounted for $279.7 million of this total, an increase of $18.5 million from the previous year.

Overall, the Division achieved net income of $20.5 million, which was placed in the rate stabilization reserve. The Corporation's Board of Directors has established as policy an Autopac Review Commission recommendation that an amount equivalent to 15 per cent of premiums written, which last year would have been $44.6 million, be set aside in the rate stabilization reserve. This reserve is intended to help maintain stability of premiums when claims costs vary. At the end of 1988/89, the reserve totalled $31.5 million — $13.1 million less than the target amount.

Claims Costs Increase

Overall claims costs were $279.7 million in 1988/89, an increase of $18.5 million from the

Janet Okun is an MPIC Customer Relations Representative who answers telephone, written and in-person enquiries. During the past year, the department responded to more than 86,000 enquiries from Manitobans.

AUTOMOBILE INSURANCE DIVISION

USE OF REVENUE 1989

PREMIUM TAXES

COMMISSIONS

ADMINISTRATIVE

INCOME

CLAIMS EXPENSES

CLAIMS INCURRED 71.8%

As Systems Product Consultants, Marilyn Swinerd and Cam Reilly assist employees to best utilize computer systems resources. MPIC is committed to upgrading computer systems, making it possible to implement a number of major customer service initiatives.

previous fiscal year. The increase can be attributed to bodily injury and no-fault accident benefit claims, which climbed by $25.0 million, from $86.9 million to $111.9 million.

Bodily injury claims are escalating faster than other types of claims and are a source of concern for vehicle insurers across North America. Part of this trend arises from the fact that claimants are generally undergoing longer and more costly injury treatments. Also, larger settlements for pain and suffering and the payment of interest on damage awards, which is becoming increasingly common, contribute to higher costs.

Costly whiplash-type injury claims increased from 10,116 to nearly 11,300. This accounted for nearly 75 per cent of the total 15,100 injury claims reported to the Corporation.

In an effort to mitigate loss through rehabilitation, MPIC has become more actively involved with organizations which work with, and on behalf of, individuals who are injured in automobile accidents. Last year, for example, the Corporation increased its annual grant to the Canadian Paraplegic Association. A first-time grant was also provided to the Manitoba Head Injury Association, a relatively new group working to promote high quality treatment and support services for people suffering from head injuries.

Increased deductibles, higher accident surcharges and demerit point premium assessments and the introduction of the merit discount program on March 1, 1988, provided incentives for motorists to drive responsibly. Combined with relatively good driving conditions during the year, these measures were believed to be major factors contributing to a reduction in the number of claims processed from 229,000 to 172,000. However, the average cost per claim climbed from $1,004 to $1,437.

Inflationary factors continued to affect replacement parts prices and vehicle repair costs in 1988/89. Because of reduced claims volume, however, the total cost of collision and comprehensive claims decreased from $126.9 million to $116.6 million. This partially offset the dramatic increase in bodily injury and accident benefits claims reported to the Corporation.

The investigation of potentially-fraudulent claims by the Corporation's Special Investigation Unit is an important method of claims cost control. Last year, the department saved MPIC, and ultimately policyholders, more than $1 million that might otherwise have been inappropriately paid out. The additional deterrent value is incalculable.

Administrative Expenses

Administrative expenses, commissions and premium taxes rose by $4.9 million during the year under review, to $42.5 million. Increases in compensation, depreciation and data processing costs accounted for a substantial portion of the higher administrative expenses. Commissions earned by

brokers and premium taxes paid to the provincial government vary in relation to premium income and increased this year by $1.1 million and $0.4 million, respectively.

MPIC's administrative expense ratio has historically been low in relation to other Canadian insurance companies. In 1988, however, the Autopac Review Commission noted that some important operational areas, such as computer systems development, had not been adequately funded in the past.

Administrative expenses are expected to increase significantly in the coming year as the Corporation begins to address this deficiency. Enhanced computer systems will make it possible for MPIC to implement a number of major customer service initiatives.

A major step in this direction was taken in 1988/89 with the introduction of the Automated Rating Package (ARP). This software package, installed in brokers' computers, performs all premium and payment calculations using built-in tables, which substantially reduces errors. MPIC's longer-term goal is to computerize virtually all transactions as agencies become electronically linked with the Corporation.

Systems development is also an integral part of the Corporation's strategy to establish a new rating system that will accurately reflect the degree of risk associated with insuring various classes of vehicles and drivers and maintain incentives for responsible driving through discounts and penalties.

Christine Mazur, Treasury and Disbursements Clerk, was recently awarded a Canada Volunteer Award Certificate of Merit for work on behalf of the Block Parent Association and other charitable groups. While many employees devote time to humanitarian work, the Corporation also supports the wider community by matching employee contributions to the United Way.

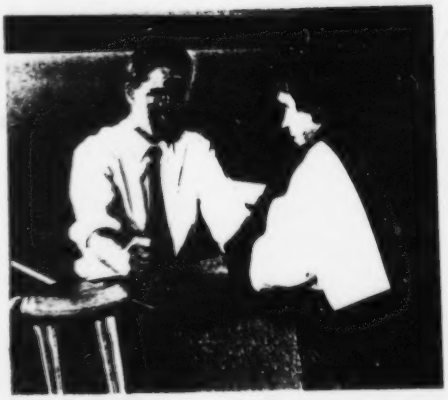
Investments Benefit Manitobans

It is the nature of the insurance business that a significant portion of premium revenue needed to settle claims will not be paid out until some time in the future. MPIC invests this revenue in interest-bearing securities, a policy which benefits Manitobans in two ways.

First, the resulting interest income reduces the amount of revenue needed from other sources, primarily vehicle premiums. The Automobile Insurance Division's investment income during the 1988/89 fiscal year was $50 million, which more than offset administrative expenses, commissions and premium taxes.

Second, the Corporation's long-term investments, which are administered through the provincial Department of Finance, consist primarily of Manitoba municipal, hospital and school bonds and debentures. All Manitobans gain from the availability of these funds, which are put to work in communities small and large.

Including investments from both divisions, the average maturity period of MPIC's long-term investments is 16.49 years with an average yield of 11.8 percent.



Richard Price, Adjuster Trainee, assists a claimant at the bodily injury claims centre in Winnipeg. The past year's overall claims cost increase was partially attributable to a rise in both the number and severity of bodily injury claims.

General Insurance Division

Ray Carney, Marketing Representative, consults with independent insurance broker Jan Lapka of Birds Hill Insurance Service in one of the agency's two offices north of Winnipeg. The Lapka family's agency provides both MPIC general insurance products and Autopac coverage.

GENERAL INSURANCE DIVISION

SOURCE OF REVENUE 1989

INVESTMENT INCOME

COMMERICAL LINES

PERSONAL LINES

SPECIAL RISK EXTENSION

50.7%

Overall Financial Results

Stronger financial performance marked the General Insurance Division's 1988/89 fiscal year, with net income totalling $9.6 million, excluding discontinued reinsurance assumed operations. Special Risk Extension reported net income of $9.3 million, up nearly $1.7 million from the previous year. Personal and Commercial Lines accounted for the remaining $0.3 million, compared with a loss of $2.8 million in the previous year.

During the fiscal year, the Province of Manitoba authorized the funding of the October 31, 1987, deficits of Personal and Commercial Lines and Reinsurance Assumed operations, which totalled $59 million. In March, 1989, $26.9 million for Personal and Commercial Lines was transferred from the province and was invested by the Corporation. The interest earned on this revenue had a positive impact of $2.1 million and, combined with improved underwriting and expense control, was a major factor contributing to the Personal and Commercial Lines results.

Special Risk Extension

While premiums written climbed from $17.5 million to $22.0 million, this was partially offset by higher claims costs, which rose from $7.3 million to $10.1 million.

The number of policies in force increased, due in large part to the effect of the new Off-Road Vehicles Act, which was proclaimed in October, 1988, and required owners to purchase liability coverage either through SRE or private insurers. Changes to the Autopac program which allowed the owners of large commercial and public service vehicles to obtain coverage from SRE or the private insurance market also produced higher business volumes.

An example of the department's ongoing efforts to respond to the insurance needs of Manitobans was the introduction in late 1989 of a new policy — Purchase Price Plus. This policy protects owners of new vehicles against depreciation if their vehicles are damaged beyond repair up to two years after the date of purchase. The enhanced coverage has been well received by brokers and the public.

Personal and Commercial Lines

Although fewer policies were written in Personal Lines, premium income remained constant at about $8.5 million as the department placed greater emphasis on preferred risks. In Commercial Lines, highly competitive market conditions resulted in a drop in premiums written from $8.1 million to $6.1 million.

Administrative costs decreased from $4.9 million to $3.8 million largely because of downsizing operations to deal with reduced business volume. Steps taken to cut expenses included staff reductions through attrition and the computerized rating of policies. As well, the benefits of earlier computer system enhancements began to have an impact on expense ratios, which declined from the previous year.

Personal Lines policyholders benefited from a number of enhancements, including improved optional coverages and better discounts for home and condominium owners with claim-free records. In order to attract a larger segment of the profitable senior citizen market, the qualifying age for mature discounts was lowered to 55 from 65. As well, all policies were rewritten in more readable, non-technical language.

A revised farm package introduced by Commercial Lines in April, 1989, was a major product improvement. The package has proven to be popular with agricultural producers by offering increased contents coverage limits, as well as premium discounts for claim-free farm operations and for senior farmers.

Reinsurance assumed

MPIC discontinued writing this type of business in late 1987. However, claims from previous reinsurance assumed contracts continue to be administered by the Corporation because of the long-term nature of liability losses. This means claims costs will be reported until all reinsurance treaties are settled.

Reinsurance assumed is the practice of an insurance company (the reinsurer) accepting all or part of a risk written by another insurer (the ceding insurer). The ceding insurer then pays a premium to the reinsurer because its potential liability is reduced. This practice enables insurers to minimize their exposure to large claims by spreading their risks among a pool of insurers.

Net income from Reinsurance Assumed operations totalled $0.3 million in the 1989 fiscal year. Earned revenues amounted to $4.3 million, including investment income of $2.4 million, while claims and expenses totalled $4.0 million.

Diane Clearwater, General Claims Assistant, serves a wide area of western Manitoba out of the Brandon MPIC office. General Insurance Division employees remain committed to providing a high level of service to Manitobans.

GENERAL INSURANCE DIVISION

USE OF REVENUE 1989

PREMIUM TAXES

CLAIMS EXPENSES

COMMISSIONS

ADMINISTRATIVE

INCOME

CLAIMS INCURRED 39.7%

Responsibility For Financial Statements

The management of The Manitoba Public Insurance Corporation is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in conformity with accounting principles generally accepted in Canada and reviewed and approved by the Audit Committee of the Board of Directors and the Board of Directors. The statements have been examined by Peat Marwick Thorne, independent external auditors, whose opinion is included herein.

The preparation of the financial information contained in the annual report, necessarily involved the use of certain estimates and judgements which have been reached based on careful assessment of data available through the Corporation's information systems.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Corporation. Management maintains an extensive system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by an Internal Audit Department.

The Audit Committee of the Board of Directors meets periodically with financial officers of the Corporation and auditors. The auditors have free access to this committee, with and without management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.

J.W. Bardua,
President and General Manager

B.W. Galenzoski,
Vice-President,
Finance & Administration

Auditors' Report

The Board of Directors
The Manitoba Public Insurance Corporation

We have examined the balance sheet of The Manitoba Public Insurance Corporation as at October 31, 1989 and the statements of operations and of retained earnings for the Automobile Insurance Division and the General Insurance Division and the statement of changes in cash and short-term investments for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at October 31, 1989 and the results of its operations and the changes in its cash and short-term investments for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat Marwick Thorne
Chartered Accountants
Winnipeg, Manitoba
December 15, 1989

Report of the Property-Casualty Valuation Actuary

October 31, 1989

I, David J. Oakden, am associated with Tillinghast, a Towers Perrin company. I am a Fellow of the Canadian Institute of Actuaries and the Casualty Actuarial Society.

I have made a valuation of the policy and claim liabilities listed below, for the Manitoba Public Insurance Corporation, for its balance sheet at October 31, 1989.

My review was based upon summaries of exposure and loss data and other related information of the Corporation. In this regard, I relied upon the Corporate Controller, as to the accuracy and completeness of the data. My examination included such review of the actuarial assumptions and methods used and such tests as I considered necessary.

My review was limited to the liability items shown herein and did not include an analysis of any other balance sheet items.

This opinion is being rendered with respect to policy and claim liabilities net of ceded reinsurance. I have not anticipated any contingent liability which would arise if any of the reinsurers prove unable to meet obligations.

In my opinion (i) the valuation conforms to the Recommendations for Property-Casualty Insurance Company Financial Reporting of the Canadian Institute of Actuaries, and (ii) the amount of the policy and claim liabilities makes proper provision for the future payments under the Corporation's policies.

The specific balance sheet items examined are as follows:

Automobile Insurance Division	
Unearned Premiums	$ 104,612,000
Unpaid Claims	$ 320,576,000
Deferred Premium Acquisition Costs	$ 8,391,000
General Insurance Division	
Unearned Premiums	$ 15,439,000
Unpaid Claims	$ 74,993,000
Deferred Premium Acquisition Costs	$ 3,272,000

David J. Oakden

David J. Oakden, F.C.I.A., F.C.A.S.

December 13, 1989

THE MANITOBA PUBLIC INSURANCE CORPORATION

Automobile Insurance Division — Statement of Operations

	Year Ended October 31	
	1989	1988
	(in thousands of dollars)	
REVENUE		
Premiums written	$292,108	$297,374
Premiums earned	$292,672	$279,549
Investment income	49,993	39,269
Total earned revenues	342,665	318,818
CLAIMS COSTS		
Claims incurred	246,264	230,163
Claims expense (Schedule 1)	33,458	31,045
	279,722	261,208
EXPENSES (Schedule 1)		
Administrative	18,709	15,363
Commissions	14,812	13,697
Premium taxes	8,929	8,501
	42,450	37,561
Total claims and expenses	322,172	298,769
INCOME FOR THE YEAR	$ 20,493	$ 20,049

THE MANITOBA PUBLIC INSURANCE CORPORATION

General Insurance Division — Statement of Operations

	Year Ended October 31	
	1989	1988
	(in thousands of dollars)	
REVENUE		
Premiums written	$36,485	$33,966
Premiums earned	$36,321	$34,728
Investment income	4,996	2,382
Total earned revenues	41,317	37,110
CLAIMS COSTS		
Claims incurred	16,366	15,554
Claims expense (Schedule 1)	1,627	2,096
	17,993	17,650
EXPENSES (Schedule 1)		
Administrative	6,388	7,173
Commissions	5,923	5,970
Premium taxes	1,419	1,466
	13,730	14,609
Total claims and expenses	31,723	32,259
Income (loss) before discontinued operations		
Personal and commercial lines	$ 315	$(2,750)
Special risk extension	9,279	9,594 7,601 4,851
Income from discontinued reinsurance assumed operations (Note 10)	343	2,780
INCOME FOR THE YEAR	$ 9,937	$ 7,631

THE MANITOBA PUBLIC INSURANCE CORPORATION

Balance Sheet

Assets

	October 31	
	1989	1988
	(in thousands of dollars)	
Cash and short-term investments (Note 4)	$ 88,491	$ 93,270
Accounts receivable (Note 5)	39,535	38,854
Prepaid expenses and inventories	1,010	972
Deferred premium acquisition costs	11,663	11,934
Investments (Schedule 2)	434,243	327,387
Receivable from Province of Manitoba (Note 9)	32,193	59,060
Property and equipment (Note 6)	16,197	14,654
Organizational and deferred development costs	3,039	3,809
	$626,371	$549,940

Approved by the Board:

Harold Thompson
Chairman

Director

THE MANITOBA PUBLIC INSURANCE CORPORATION

Liabilities and Retained Earnings

	October 31	
	1989	1988
	(in thousands of dollars)	
LIABILITIES		
Automobile Insurance Division		
Accounts payable and accrued liabilities	$ 14,779	$ 12,683
Provision for pension	24,397	20,494
Unearned premiums	104,612	105,176
Provision for unpaid claims	320,576	279,576
	464,364	417,929
General Insurance Division		
Accounts payable and accrued liabilities	9,970	5,494
Provision for pension	3,870	3,250
Unearned premiums	15,439	15,468
Provision for unpaid claims	74,993	80,494
	104,272	104,706
	568,636	522,635
RETAINED EARNINGS		
Automobile Insurance Division	31,462	10,969
General Insurance Division	26,273	16,336
	57,735	27,305
	$626,371	$549,940

THE MANITOBA PUBLIC INSURANCE CORPORATION

Automobile Insurance Division — Statement of Retained Earnings

	Year Ended October 31	
	1989	1988
	(in thousands of dollars)	
Unappropriated:		
Balance at beginning of year	$ —	$ (9,080)
Income for the year	20,493	20,049
Transfer to reserve for rate stabilization	(20,493)	(10,969)
	—	—
Appropriated:		
Reserve for rate stabilization	31,462	10,969
RETAINED EARNINGS AT END OF YEAR	$ 31,462	$ 10,969

THE MANITOBA PUBLIC INSURANCE CORPORATION

General Insurance Division — Statement of Retained Earnings

	Year Ended October 31	
	1989	1988
	(in thousands of dollars)	
Balance at beginning of year:		
Personal and commercial lines	$ (2,750)	$(26,867)
Discontinued reinsurance assumed operations	2,780	(32,193)
	30	(59,060)
Funding by Province of Manitoba	—	59,060
	30	—
Special risk extension	16,306	8,705
	16,336	8,705
Income (loss) for the year:		
Personal and commercial lines	315	(2,750)
Special risk extension	9,279	7,601
Discontinued reinsurance assumed operations	343	2,780
	9,937	7,631
Balance at end of year:		
Personal and commercial lines	(2,435)	(2,750)
Special risk extension	25,585	16,306
Discontinued reinsurance assumed operations	3,123	2,780
	$26,273	$ 16,336

THE MANITOBA PUBLIC INSURANCE CORPORATION

Statement of Changes in Cash and Short-Term Investments

	Year Ended October 31	
	1989	1988
	(in thousands of dollars)	
RESOURCES PROVIDED FROM (APPLIED TO) OPERATIONS		
Income for the year	$ 30,430	$ 27,680
Non-cash items:		
Depreciation and amortization	2,994	2,173
	33,424	29,853
INCREASE (DECREASE) IN RESOURCES		
Accounts receivable	(681)	602
Prepaid expenses and inventories	(38)	154
Deferred premium acquisition costs	271	(8,556)
Accounts payable and accrued liabilities	6,572	3,240
Provision for pension	4,523	3,861
Unearned premiums	(593)	14,184
Provision for unpaid claims	35,499	23,254
	45,553	36,739
RESOURCES PROVIDED FROM (APPLIED TO) INVESTING ACTIVITIES		
Change in receivable from Province of Manitoba	26,867	—
Acquisition of property and equipment, net of proceeds from disposals	(4,027)	(1,953)
Change in investments	(106,856)	(45,656)
Change in Organizational and deferred development costs	260	(423)
	(83,756)	(48,032)
(DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS	(4,779)	18,560
Cash and short-term investments at beginning of year	93,270	74,710
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR (Note 4)	$ 88,491	$ 93,270

THE MANITOBA PUBLIC INSURANCE CORPORATION

Notes to Financial Statements October 31, 1989

1. STATUS OF THE CORPORATION

The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974 The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180 of the continuing consolidation of the statutes of Manitoba). In 1988 the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a general insurance division. The automobile insurance division provides universal compulsory automobile insurance and extension coverage upon such terms and conditions as may be prescribed by the regulations. The general insurance division insures such risks as personal property, commercial property, liability, and special risk extension coverage. For financial accounting purposes, the automobile insurance division and the general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies.

2. BASIS OF REPORTING

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with generally accepted accounting principles.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Deferred Premium Acquisition Costs

Commissions and premium taxes are charged to expense over the terms of the insurance contracts to which such costs relate.

Investments

Investments are carried at amortized costs. The applicable discounts or premiums are amortized over the life of the investment. Funds available for investments are invested by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of The Manitoba Public Insurance Corporation Act.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates which will amortize the cost of each asset over its estimated useful life at the following annual rates:

Buildings	2.5%
Equipment	10.0%
Data processing equipment	33.3%
Automotive equipment	20.0%

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Organizational and Deferred Development Costs

The costs of organizing or re-organizing major computer programs which are expected to be of continuing benefit to the Corporation are deferred to future periods. These organizational and computer program expenditures are stated at cost net of accumulated amortization and are amortized on a straight line basis at the rate of 10% per year.

Pension Plan

The employees of the Corporation are subject to the Civil Service Superannuation Act. Included in the accounts is a provision for the full funding of the employer's future pension liability calculated on an indexed basis, based on the most recent actuarial valuation at December 31, 1986.

Notes to Financial Statements (continued)

Severance Pay
Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and company policy. The liability for severance pay based on an actuarial valuation at October 31, 1988, is being amortized over fourteen years commencing with the 1988 fiscal year.

Unearned Premiums
The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Provision for Unpaid Claims
The provision for unpaid claims includes a provision for reported unpaid claims, an estimate for unreported claims and a provision for claims adjusting costs for reported and unreported claims.

Premium Deficiencies
A premium deficiency exists when future claims and expenses exceed unearned premiums. In calculating a premium deficiency, the Corporation recognizes anticipated investment income.

Allocation of Revenue, Claims Incurred and Expenses
Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income has been allocated to the automobile and general insurance divisions based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile and general insurance divisions on the following basis:
i) Identifiable direct expenses are charged to each division.
ii) Where direct allocation is impracticable, expenses are prorated to each division based on factors such as space, number of employees, time usage, etc. The formulas developed for the allocation of expenses are approved by the Board of Directors.

Reinsurance Ceded
The Corporation's financial statements are prepared net of ceded reinsurance.

Foreign Currency Translation
Monetary items are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

4. CASH AND SHORT-TERM INVESTMENTS

	1989	1988
	(in thousands of dollars)	
Cash and short-term certificates	$79,317	$83,733
Investments maturing within one year	9,174	9,537
	$88,491	$93,270

At October 31, 1989 the Corporation has committed $18.4 million (1988 — $25.6 million) for the purchase of various long term securities.

5. ACCOUNTS RECEIVABLE

	1989		1988	
	Subrogation	Other	Subrogation	Other
	(in thousands of dollars)			
Accounts receivable	$13,517	$37,714	$12,554	$34,555
Less allowance for doubtful accounts	9,825	1,871	6,872	1,383
	$ 3,692	$35,843	$ 5,682	$33,172

6. PROPERTY AND EQUIPMENT

	1989			1988
	Cost	Accumulated Depreciation and Amortization	Net	Net
	(in thousand of dollars)			
Land	$ 3,416	$ —	$ 3,416	$ 3,386
Buildings	11,649	2,403	9,246	7,755
Equipment	8,217	4,843	3,374	3,191
	23,282	7,246	16,036	14,332
Leasehold improvements	1,428	1,267	161	322
	$24,710	$8,513	$16,197	$14,654

Notes to Financial Statements (continued)

7. REINSURANCE

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at October 31, 1989, these reinsurance arrangements limit the Corporation's exposure to a maximum amount of $1,000,000 on any one occurrence plus the Corporation's proportion of pro-rata costs.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $4,550,000. These arrangements protect the Corporation against losses up to $100,000,000 for the Automobile Insurance Division and $50,000,000 for the General Insurance Division.

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policy holders remains with the Corporation.

8. LEASE COMMITMENTS

The Corporation is committed to make payments during the next seven years on buildings leased for periods of more than one year. The aggregate annual rental of the commitments under the leases, which expire at varying dates to November 30, 1995, are:

1989/90	$1,363,000
1990/91	1,314,000
1991/92	1,249,000
1992/93	1,228,000
1993/94	1,228,000
Balance to expiry	1,330,000

9. RECEIVABLE FROM PROVINCE OF MANITOBA

The Province of Manitoba, in the Appropriation Act, 1988, authorized the funding of the October 31, 1987 deficit of the General Insurance Division's discontinued reinsurance assumed operations in the amount of $32,193,000. The Corporation and the Province of Manitoba will prepare a plan, when required, to determine the timing of payments.

10. INCOME FROM DISCONTINUED REINSURANCE ASSUMED OPERATIONS

The Corporation underwrote a portfolio of assumed reinsurance, which accepted a portion of the risk of other insurers. Effective November 18, 1987 the Corporation discontinued writing reinsurance assumed business. Claims costs and expenses will continue to be incurred until all claims on existing treaties are settled. In addition, premiums relating to the assumed business will be reflected in operations as they are earned. For the year ended October 31, 1989 the results are:

	1989	1988
	(in thousands of dollars)	
Premiums written	$ 1,678	$ 2,114
Premiums earned	$ 1,871	$ 4,991
Investment income	2,409	2,323
Total earned revenues	4,280	7,314
Claims incurred	2,927	4,009
Administrative expenses	1,033	982
Commissions	540	595
Foreign exchange gain	(563)	(1,052)
Total claims and expenses	3,937	4,534
Income from discontinued reinsurance assumed operations	$ 343	$ 2,780

THE MANITOBA PUBLIC INSURANCE CORPORATION

Schedule 1

Schedule of Expenses

	Year Ended October 31	
	1989	1988
	(in thousands of dollars)	
Amortization of organizational and deferred development costs	$ 510	$ 907
Commissions	21,276	20,263
Data processing	4,451	3,560
Depreciation and amortization	2,484	1,266
Employee travel and allowances	873	795
Grants in lieu of taxes	674	653
Health and education tax	840	789
Premium taxes	10,348	9,967
Rent	2,044	1,811
Salaries and employee benefits	42,392	40,803
Other administrative expenses	6,383	5,022
	$ 92,275	$ 85,836
Allocation:		
Automobile Insurance Division		
Claims expense	$ 33,458	$ 31,045
Administrative expense	18,709	15,363
Commissions	14,812	13,697
Premium taxes	8,929	8,501
	75,908	68,606
General Insurance Division		
Claims expense	1,627	2,096
Administrative expense	6,388	7,173
Commissions	5,923	5,970
Premium taxes	1,419	1,466
	15,357	16,705
Discontinued Reinsurance Assumed Operations (Note 10)		
Administrative expense	1,033	982
Commissions	540	595
Foreign exchange gain	(563)	(1,052)
	1,010	525
	$ 92,275	$ 85,836

THE MANITOBA PUBLIC INSURANCE CORPORATION

Schedule 2

Schedule of Investments as at October 31, 1989

Description of Securities	Par Value	Book Value
Federal:		
Government of Canada	$45,000,000	$44,598,000
Provincial:		
Province of Manitoba	88,976,000	88,733,000
Province of Quebec	7,000,000	6,950,000
Province of New Brunswick	5,000,000	4,606,000
Newfoundland Municipal Financial Corporation	1,250,000	1,250,000
Province of Saskatchewan	7,000,000	6,777,000
Manitoba Telephone System	21,779,000	21,493,000
Ontario Hydro — Electric Commission	4,500,000	4,008,000
Ontario Hydro	32,000,000	29,270,000
Manitoba Hydro	23,027,000	22,289,000
B.C. Hydro & Power	7,600,000	7,059,000
Quebec Hydro-Electric	5,000,000	4,982,000
Quebec Hydro	23,000,000	22,339,000
	226,132,000	219,756,000
Hospitals:		
Arborg and Districts Health Centre	1,580,000	1,580,000
Baldur Hospital District	125,000	125,000
Brandon General Hospital	861,000	854,000
Boissevain Hospital District	452,000	452,000
Boyne Valley Hostel Corporation	720,000	720,000
Carman — Memorial Hospital District No. 20	2,381,000	2,381,000
Deloraine Hospital District No. 14	340,000	340,000
The De Salaberry Hospital District No. 27A	109,000	109,000
Flin Flon General Hospital	300,000	300,000
Gimli Hospital District #39	276,000	276,000
Grace General Hospital	415,000	330,000
Hamiota Hospital District #7A	14,000	14,000
Health Sciences Centre	1,682,000	1,642,000
Hunter Memorial Hospital District #33	746,000	746,000
Lakeshore District Health System Inc.	1,923,000	1,923,000
MacGregor Personal Care Home	44,000	44,000
Manitoba Hospital Capital Financing Authority	2,374,000	2,374,000
Misericordia General Hospital	346,000	346,000
Morden Hospital District #21	313,000	313,000
Neepawa Hospital District #9	155,000	155,000
Park Manor Personal Care Home Inc.	90,000	90,000

THE MANITOBA PUBLIC INSURANCE CORPORATION

Schedule 2

Schedule of Investments as at October 31, 1989 continued

Description of Securities	Par Value	Book Value
Pine Falls General Hospital	$ 165,000	$ 165,000
Portage Hospital District #18	270,000	270,000
Red River Valley Health District	297,000	297,000
Roblin Health Centre District	448,000	448,000
Rossburn Personal Care Home Inc.	252,000	252,000
Russell Hospital District #8	200,000	200,000
St. Anthony's General Hospital — The Pas	300,000	300,000
St. Boniface General Hospital	25,000	22,000
Ste. Anne Hospital District No. 26A	1,309,000	1,309,000
Ste. Rose General Hospital	330,000	330,000
Seven Oaks Hospital	2,130,000	1,869,000
Steinbach Hospital District #27	26,000	22,000
Swan River Hospital District #1	201,000	201,000
Thompson General Hospital	928,000	916,000
Tri-Lake Hospital District #15	28,000	28,000
Victoria General Hospital	1,720,000	1,713,000
Victoria-South Norfolk Treherne Hospital District #19	76,000	76,000
Winkler General Hospital	160,000	150,000
Winnipeg General Hospital	28,000	27,000
Winnipegosis General Hospital Inc.	120,000	120,000
Baldur Manor	221,000	221,000
Betel Home Foundation — Gimli	22,000	22,000
Betel Home Foundation — Selkirk	217,000	217,000
Bethania Mennonite Personal Care Home Inc.	2,126,000	2,126,000
Birtle Health Services District	299,000	299,000
Dauphin Personal Care Home Inc.	253,000	253,000
Ebenezer Home for the Aged	377,000	377,000
Flin Flon Personal Care Home Corporation	640,000	640,000
Gilbert Plains Health Centre Inc.	1,448,000	1,448,000
Goodwin Lodge Inc.	25,000	25,000
Holy Family Nursing Home — Sisters Servants of Mary Immaculate	421,000	421,000
McCreary/Alonsa Personal Care Home Inc.	61,000	61,000
Manoir De Ste. Claude	104,000	104,000
Mount Carmel Clinic	1,336,000	1,336,000
North Norfolk MacGregor Medical Nursing Unit District No. 18A	169,000	169,000
Odd Fellows and Rebekahs Personal Care Home Inc.	175,000	175,000
Pinaow Wachi Inc.	70,000	70,000
Riverdale Health Services District	53,000	53,000
Riverdale Personal Care Home	44,000	44,000
Rock Lake Health District	655,000	655,000
Rock Lake Personal Care Home Inc.	160,000	160,000
Rosewood Lodge Inc.	16,000	16,000
Rossburn District Health Centre	475,000	475,000
St. Joseph's Residence	539,000	539,000
Shoal Lake/Strathclair Health Centre	134,000	134,000

THE MANITOBA PUBLIC INSURANCE CORPORATION

Schedule 2

Schedule of Investments as at October 31, 1989 continued

Description of Securities	Par Value	Book Value
Snow Lake Medical Nursing Unit District #40	$ 439,000	$ 439,000
Stonewall and District Health Centre	167,000	167,000
Tabor Senior Citizens Home Inc.	460,000	460,000
Tache Nursing Centre	612,000	612,000
The Pas Health Complex Inc. — St. Paul's Residence	259,000	259,000
The Pas Health Complex Inc. — St. Anthony's General Hospital	363,000	363,000
Third Crossing Manor Inc.	32,000	32,000
Wawanesa and District Health Centre	13,000	13,000
Wawanesa Personal Care Home	185,000	185,000
Winnipegosis-Mossy River Personal Care Home Inc.	254,000	254,000
Whitemouth Medical Nursing Unit District #29A	78,000	78,000
	37,161,000	36,731,000
Schools:		
The Agassiz School Division #13	2,606,000	2,606,000
Antler River School Division No. 43	695,000	695,000
Assiniboine South School Division No. 3	2,542,000	2,542,000
Beautiful Plains School Division No. 31	246,000	246,000
Bird Tail River School Division No. 38	813,000	813,000
Brandon School Division #40	6,417,000	6,417,000
Churchill School District No. 2264	45,000	45,000
Dauphin-Ochre School Area #1	1,618,000	1,618,000
Duck Mountain School Division #34	869,000	869,000
Evergreen School Division No. 22	155,000	155,000
Flin Flon School Division #46	518,000	518,000
Fort Garry School Division No. 5	1,425,000	1,425,000
Fort La Bosse School Division No. 41	2,024,000	2,024,000
Frontier School Division No. 48	145,000	145,000
Garden Valley School Division No. 26	2,489,000	2,489,000
Hanover School Division #15	3,410,000	3,410,000
Interlake School Division #21	803,000	803,000
Intermountain School Division No. 36	452,000	452,000
Kelsey School Division No. 45	315,000	315,000
Lakeshore School Division No. 23	311,000	311,000
Leaf Rapids School District #2460	219,000	219,000
Lord Selkirk School Division No. 11	2,235,000	2,235,000
Midland School Division No. 25	272,000	272,000
Morris-MacDonald School Division No. 19	390,000	390,000
Mountain School Division No. 28	760,000	760,000
Mystery Lake School District No. 2355	1,645,000	1,645,000
Norwood School Division No. 8	499,000	499,000
Pelly Trail School Division No. 37	1,478,000	1,478,000
Pembina Valley School Division No. 27	1,026,000	1,026,000

THE MANITOBA PUBLIC INSURANCE CORPORATION

Schedule 2

Schedule of Investments as at October 31, 1989 continued

Description of Securities	Par Value	Book Value
Pine Creek School Division No. 30	$ 343,000	$ 343,000
Portage La Prairie School Division #24	2,462,000	2,462,000
Red River School Division No. 17	344,000	344,000
Rhineland School Division #18	178,000	178,000
River East School Division #9	5,967,000	5,967,000
Rolling River School Division #39	1,030,000	1,030,000
St. Boniface School Division No. 4	413,000	413,000
St. James-Assiniboia School Division #2	3,169,000	3,169,000
St. Vital School Division #6	7,167,000	7,167,000
Seine River School Division #14	3,669,000	3,669,000
Seven Oaks School Division #10	3,393,000	3,393,000
Souris Valley School Division No. 42	181,000	181,000
South Winnipeg Technical Centre	818,000	818,000
South Winnipeg Vocational Education Centre	913,000	913,000
Swan Valley School Division #35	701,000	701,000
Tiger Hills School Division #29	809,000	809,000
Transcona School Division #12	99,000	99,000
Transcona Springfield School Division #12	4,065,000	4,065,000
Turtle Mountain School Division No. 44	222,000	222,000
Turtle River School Division No. 32	44,000	44,000
Western School Division #47	295,000	295,000
Winnipeg School Division No. 1	21,956,000	21,956,000
The White Horse Plain School Division #20	621,000	621,000
	95,281,000	95,281,000
Municipal:		
City of Brandon	1,582,000	1,554,000
City of Flin Flon	2,074,000	2,074,000
City of Portage La Prairie	3,290,000	3,279,000
City of Winnipeg	12,938,000	12,677,000
Metro Corp. of Greater Winnipeg	233,000	182,000
Town of Altona	399,000	399,000
Town of Birtle	183,000	183,000
Town of Boissevain	17,000	16,000
Town of Carman	511,000	511,000
Town of Carberry	121,000	121,000
Town of Dauphin	683,000	683,000
Town of Deloraine	452,000	452,000
Town of Emerson	388,000	388,000
Town of Gimli	399,000	399,000
Town of Gladstone	158,000	158,000
Town of Grandview	201,000	201,000
Town of Killarney	196,000	196,000

Schedule 2

Schedule of Investments as at October 31, 1989 continued

Description of Securities	Par Value	Book Value
Town of Melita	$ 283,000	$ 283,000
Town of Minnedosa	95,000	94,000
Town of Morden	201,000	201,000
Town of Morris	218,000	218,000
Town of Neepawa	277,000	277,000
Town of Oak Lake	2,000	2,000
Town of Rapid City	98,000	98,000
Town of Rivers	32,000	28,000
Town of Roblin	463,000	463,000
Town of Russell	502,000	502,000
Town of Selkirk	489,000	489,000
Town of Snow Lake	67,000	67,000
Town of Steinbach	776,000	776,000
Town of Stonewall	244,000	244,000
Town of Swan River	317,000	317,000
Town of Tuxedo	7,000	6,000
Town of Virden	164,000	164,000
Town of Winnipeg Beach	39,000	39,000
Village of Arborg	56,000	56,000
Village of Benito	36,000	36,000
Village of Binscarth	67,000	67,000
Village of Crystal	14,000	14,000
Village of Erickson	16,000	16,000
Village of Ethelbert	8,000	8,000
Village of Gilbert Plains	62,000	62,000
Village of Gretna	14,000	14,000
Village of Hamiota	25,000	25,000
Village of Lac du Bonnet	118,000	118,000
Village of MacGregor	19,000	19,000
Village of Manitou	205,000	205,000
Village of Minitonas	36,000	36,000
Village of Niverville	156,000	156,000
Village of Notre Dame De Lourdes	359,000	359,000
Village of Pilot Mound	64,000	64,000
Village of Riverton	7,000	7,000
Village of Rossburn	91,000	91,000
Village of Shoal Lake	188,000	188,000
Village of Somerset	262,000	262,000
Village of Ste. Anne	3,000	3,000
Village of St. Pierre-Jolys	226,000	226,000
Village of St. Pierre	26,000	26,000
Village of Teulon	26,000	26,000
Village of Treherne	124,000	124,000
Rural Municipality of Argyle	110,000	110,000

THE MANITOBA PUBLIC INSURANCE CORPORATION

Schedule 2

Schedule of Investments as at October 31, 1989 continued

Description of Securities	Par Value	Book Value
Rural Municipality of Brenda	$ 46,000	$ 46,000
Rural Municipality of Brokenhead	223,000	223,000
Rural Municipality of Cartier	6,000	6,000
Rural Municipality of Coldwell	185,000	185,000
Rural Municipality of De Salaberry	11,000	11,000
Rural Municipality of Edward	201,000	201,000
Rural Municipality of Grey	15,000	15,000
Rural Municipality of Hanover	486,000	486,000
Rural Municipality of La Broquerie	450,000	450,000
Rural Municipality of MacDonald	1,499,000	1,499,000
Rural Municipality of Montcalm	147,000	147,000
Rural Municipality of Morris	498,000	498,000
Rural Municipality of North Norfolk	306,000	306,000
Rural Municipality of Pipestone	10,000	10,000
Rural Municipality of Portage La Prairie	73,000	73,000
Rural Municipality of Ritchot	341,000	341,000
Rural Municipality of Rockwood	84,000	84,000
Rural Municipality of Roland	108,000	108,000
Rural Municipality of Ste. Rose	12,000	12,000
Rural Municipality of Siglunes	137,000	137,000
Rural Municipality of Springfield	18,000	18,000
Rural Municipality of Tache	15,000	15,000
Rural Municipality of Thompson	23,000	23,000
Rural Municipality of Victoria Beach	129,000	129,000
Rural Municipality of Whitewater	5,000	5,000
Rural Municipality of Woodlands	254,000	254,000
Local Government District of Consol	477,000	477,000
Local Government District of Fisher	360,000	360,000
Local Government District of Leaf Rapids	1,699,000	1,699,000
	38,235,000	37,877,000
	$441,809,000	$434,243,000

Claims Centres and Administrative Offices in Manitoba

THOMPSON
Claims Centre: Box 760, 53 Commercial Place, R8N 0B6, 778-7351 DIAL-a-CLAIM
FLIN FLON
Claims Centre: Box 250, 8 Timber Lane Road, R8A 1M9, 687-7563
THE PAS
Claims Centre: Box 9100, 424 Fischer Avenue, R9A 1R5, 623-6487
SWAN RIVER
Claims Centre: Box 1959, 125-4th Avenue North, R0L 1Z0, 734-4574
DAUPHIN
Claims Centre & Salvage: Box 3000, 217 Industrial Road, R7N 2V5, 638-5111 DIAL-a-CLAIM
PORTAGE LA PRAIRIE
Claims Centre: 2007 Saskatchewan Avenue W., R1N 3J9, 857-9751 DIAL-a-CLAIM
BRANDON
Head Office, Claims Centre & Salvage: 731-1st Street, R7A 6C3, 728-7120 DIAL-a-CLAIM
SELKIRK
Claims Centre: 630 Sofia Street, R1A 2K1, 482-3839 DIAL-a-CLAIM
STEINBACH
Claims Centre: Box 2139, 91 North Front Drive, R0A 2A0, 326-4453 DIAL-a-CLAIM
WINKLER
Claims Centre: Box 1990, 600 Memorial Drive, R0G 2X0, 325-9538 DIAL-a-CLAIM
WINNIPEG
Administrative Offices, Bodily Injury Claims Centre & General Insurance Claims: Box 6300, 330 Graham Avenue, R3C 4A4, 985-7000
Commercial Automobile Claims & Salvage: Box 32, Group 512, 1981 Plessis Road, R2C 2Z2, 224-1291
Claims Centres: 445 King Street, R2W 5H2, 949-0872; 125 King Edward Street E., R3H 0V9, 783-2114; 930 St. Mary's Road, R2M 4A8, 257-8772; 420 Pembina Highway, R3L 2E9, 475-1150; 1103 Pacific Avenue, R3E 1G7, 788-4009 DIAL-a-CLAIM

THE
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